

Introduced by Senator Figueroa

February 18, 2005

An act to add Section 17045.5 to the Business and Professions Code, relating to unfair practices.

LEGISLATIVE COUNSEL'S DIGEST

SB 582, as introduced, Figueroa. Retailers: shelf placement fees.

Existing law, the Unfair Practices Act, makes it unlawful for a person to engage in specified types of business practices. The act makes a violation of its provisions a crime and also provides a civil remedy to enjoin violations and to recover resulting damages.

This bill would make it unlawful under the act for a retailer to charge a supplier or manufacturer for placing a product on the retailer's shelf space or for maintaining that placement unless the retailer makes specified disclosures.

Because the bill would add to the provisions of the Unfair Practices Act, the violation of which is a crime, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

SECTION 1. Section 17045.5 is added to the Business and Professions Code, to read:

17045.5. It is unlawful for a retailer to assess a supplier or manufacturer either of the following shelf placement charges without disclosing, at the time of offering to provide shelf placement space, in a clear and unequivocal manner, the amount of the charge the retailer assesses other suppliers or manufacturers for placement of similar products on its shelf space:

(a) A lump-sum fee, referred to as a “slotting allowance,” for placement of the product or commodity on the retailer’s shelf space.

(b) A fee, referred to as a “pay-to-stay fee,” for continued placement of the product or commodity on the retailer’s shelf space.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.